BANGLADESH

Prospect of manufacturing textile chemicals

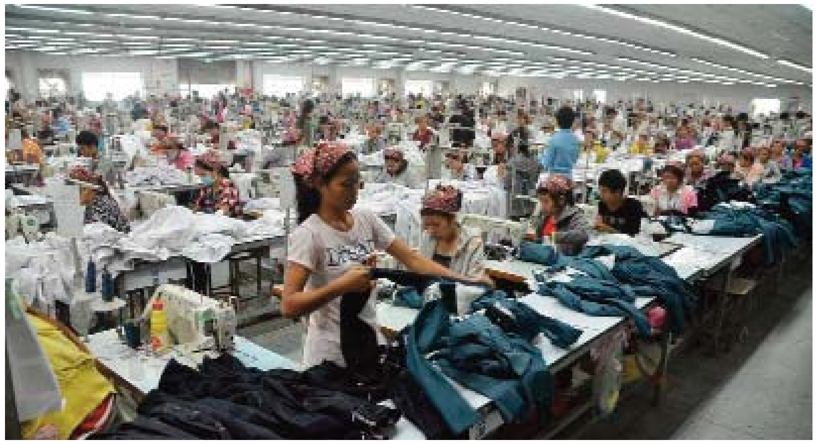
The mindset of dyes and chemicals users in Bangladesh and global brands have to be changed towards locally manufactured dyes and chemicals. If locally manufactured chemicals can comply with the quality and other requirements, then using local chemicals will reduce cost significantly.

The textile processing industries in Bangladesh are seeing a momentum in orders and growth in recent times. However, these companies have been suffering from the gas supply for quite a long time. Currently, Bangladesh could resolve the supply shortage of gas by importing LNG. Though the government is going to increase the price of gas, at least the factories will not have to stop the machines due to a shortage of gas.

On the other hand, when China is the closing factories polluting the environment, large orders of dyeing and finishing of fabrics are flooding Bangladesh. The growth in apparel export is also boosting the backward linkage dyeing industries. Buyers prefer to source fabric locally as it provides lower lead time and quality support benefits to them. The textile processing sector in Bangladesh is growing fast, which is creating huge demand for textile dyes and chemicals. Bangladesh is mostly dependent on imports of chemicals for the dyeing printing and finishing mills.

Currently, there are some companies who are manufacturing some basic chemicals, but still, the bulk of the textile dyes and chemicals are being imported into Bangladesh. Globally leading chemical companies who have the lion's share of the market have not set their manufacturing bases.

Experts have opined that the government has to provide right policy support for the farther growth of textile chemicals manufacturing in Bangladesh. The current policy supports duty-free import of chemicals for textile processing mills so there are no incentives for the local manufacturers.



CHINA

Textile industry faces tough times

China's textile and apparel makers are going through a painful industrial restructuring. While the country is still the world's largest clothing exporter with enormous production capacity, oversupply at home, high labor costs, and rising global protectionism have all eroded its competitiveness.

Six years ago, the tagline was "To be proud of Made-in-China", while last years was "Low-carbon and environmentally friendly cyclical development". This year many company advertise the stock clearance.

China's market share by value in the global textile and clothing industry fell from 38.6% in 2016 to 35.8% in 2017, with a downward trend in major apparel importing regions such as the US, European Union, and Japan.

Since 2014, exports of Chinese textiles and clothing have declined sharply from about US$236 billion in 2014 to US$206 billion in 2017, according to the World Trade Organisation. Meanwhile, labor costs in China have been rising steadily. The minimum wage in the southern boomtown of Shenzhen is now about US$ 336 per month – more than double the rate in some Southeast Asian countries.

INDIA

Cotton sector focusing on increasing productivity and improving quality

Indian cotton textile sector is at an important stage, given the trade situation between China and USA, the two other leading cotton producing and trading countries. The Indian government has recently hiked its support price for cotton by about 28%.

The unsettling trade situation between the world's leading cotton exporter, United States of America and a leading user, China, should place India's cotton and textile sector in a better situation. The Indian currency has been weakening against the dollar, which should benefit textile exports. However, this positive sense is not felt by the textile industry in India. The current situation implies that the Indian cotton sector should focus on increasing its productivity, improving its quality, working on its cotton contamination levels and diversifying its product portfolio.

INDONESIA

Islamic fashion school teaches modest fashion

The first Islamic fashion school in Indonesia is teaching students in the world's largest Muslim-majority country the usual skills of design, styling, and marketing. They are also teaching many designs, which are not related to the Islamic faith that does not give permission to go outside a woman without proper cover maintaining Islamic rules.

As demand grows for Islamic apparel, featuring variations on traditional headscarves and long, flowing dresses for women, while men are targeted with robes or shirts embroidered with religious motifs.

According to Deden Siswanto, they also teach them about wearing clothes according to Islamic rules. However, there are many conflicts with the Islamic dress code. About 140 students have signed up and the school offers nine-month courses in fashion styling, marketing, and basic styling and both men and women. It is important to highlight that both Muslim or non-Muslim can join this programme. However, teachers must be Muslim, to ensure familiarity with Islamic business practices.The trend toward garments that meet religious requirements is becoming more visible among the burgeoning middle class in Indonesia, where for years, few Muslim women covered their heads, or opted for traditional batik or Western clothing. The country hosted its first Muslim Fashion Week in 2015 and the Ministry aims to make Indonesia a "Muslim fashion hub" by 2020.

POLAND

Uzbekistan, Poland expand cooperation in textile-garments

To explore the possibility of exporting textile products from Uzbekistan to European Union (EU) nations, particularly Poland, a delegation of the Uztextileprom association along with representatives from the country's textile and garment-knitwear sectors visited Poland in the third week of November and presented several proposals to optimise such export. According to an Azeri news portal, both sides agreed to take measures to create the most favourable conditions for the export of textile products to the Polish market. Poland primarily imports cotton and its products at more than 45 percent, mineral products at 25 percent and chemical products at 20 percent from Uzbekistan. Twenty-five enterprises with Polish capital are at present operating in Uzbekistan.

RUSSIA

New textile material designed to mask Russian military

Ros Electronics, a leading Russian producer of electronics, and TsNIITOCHMASH, a major designer and producer of weapons for the Russian military and MVD Internal Troops, have designed a new textile material to mask soldiers and their equipment. A new textile material has been designed to mask the Russian military and their machines.

Rostec Chief Sergei Chemezov said that the new material has chameleon-like properties and can adapt to the color of the environment. At the initial stage, the new development will be used for the needs of the Russian military, with a range of other applications being significantly expanded later.

The level of investment in the design of the new textile material could be in the range of US$ 100-150 million. The project also involved some leading Russian producers of technical textiles and nonwovens. In recent years the demand for innovative textile materials from the Russian military and defense complex has significantly increased.

According to the Russian Ministry of Industry and Trade, currently, the Russian innovative and smart textiles market is estimated at US$ 1.3 billion, however, its annual growth rates are significantly higher, than those in the EU and the US, at 7 to 9% per year. Still, the consumption of innovative and smart textiles in Russia is two times lower than in developed countries.

The Russian government is supporting the launch of new investment projects in the industry, considering them to be very promising. Russian Minister of Industry and Trade Denis Manturov, who oversees the development of innovative textile materials, said that the demand for technical textiles in Russia will grow fourfold in the medium term.

Russia has practically no chance to maintain traditional textile's production on the same volume as in the past. The transfer of labor-intensive industries to countries with cheaper labor has resulted in the influx of cheap, low-quality products, which made local producers non-competitive. In this regard, a particular focus of the government is currently on the expansion of the domestic technical textiles production.

TURKEY

Currency weakened affects its industry

The Turkish Lira has lost more than 35% of its value against the US dollar this year, prompting concerns that Turkey's economy, which is heavily reliant on foreign currency loans, could affect other emerging markets.

For Turkish denim brand, Mavi Jeans, the lira's downturn has already affected costs. Arkun Durmaz, President of Mavi North America said, that in the short term, it does reduce the labor component of our costs as most of our fabrics, trims, and energy costs are priced in euros and U.S. dollars. While U.S. brands and retailers sourcing from Turkish mills and garment factories can count on lower costs, for now, the benefits may be moderate.

Aydin Cubukcu, the founder of Turkish mill rep Stella Sourcing, explained that the Lira's decline will have a somewhat 'limited effect' considering most mills source raw materials from

international and domestic producers in either euros or U.S. dollars.

He further added that the immediate and direct effect of such increase in these currencies against the Turkish Lira is limited where the raw material makes up about 50% to 60% of fabric cost, on average.

Companies like Inditex for one, which manufactures as much as 15% of its product in Turkey, could benefit from this improvement in the country's competitiveness from a cost standpoint, though it could take a hit from reduced consumer demand in the country.

Turkish apparel and textiles supplier Edpa USA's Ahmet Bereket does not think the Lira devaluation will change much for U.S. businesses where raw material costs are concerned. He explained that we buy very little raw material for the USA as Turkey has not been competitive for over 10 years now and Turkey will be more cost competitive for Europe and neighboring countries.

UZBEKISTAN

Germany and Uzbekistan strengthen cooperation in textiles

Several agreements have been signed between Uzbekistan and Germany that will expand their bilateral cooperation and will help boost their exports of finished textile products to the European market.

The agreements were signed at a meeting with the Minister of Foreign Affairs of the Republic of Uzbekistan, Abdulaziz Kamilov, and the Ambassador Extraordinary and Plenipotentiary of the Federal Republic of Germany, Günter Overfeld, at the offices of the Uzbekistan Textile Industry Association.

Both countries came to an agreement of US$ 4 million in investments, three framework agreements and six export contracts amounted to a total of US$ 6.5 million.

The representatives also discussed issues of increasing export of finished textile products to the European market through certification collaborating with European scientific research institutes.

Currently, Hohenstein with Uzbekistan textile industry association is working to create scientific laboratories in Uzbekistan. Memorandum of cooperation and its implementation roadmap were signed between the association and Hohenstein Institute.

USA

Apparel firms will face a negative impact on Trump's tariff

President Donald Trump imposed 10% tariffs on US$ 200 billion worth of Chinese imports, beginning from September 24^{th} 2018 and those duties will rise to 25% on January 1^{st} 2019. The US apparel and footwear firms will face negative exposure if President Trump follows through on threats to impose tariffs on all goods imported from China.

A new Moody's Report analyzed that the most recent round of tariffs mostly excludes apparel and footwear, but does include certain apparel accessories such as handbags and leather gloves, textiles and yarns, leathers and cotton.

The report stated that large, rated apparel manufacturers derive more than half of their revenue from the US; therefore, these additional tariffs would be credit negative for the US apparel and footwear sector because of the higher cost of goods sold for the US divisions of companies that import goods from China.

The report noted that the impact of the new tariffs will vary company to company and the effect will depend on how much they source products from China, the degree they can diversify away from China, their pricing flexibility and how they adjust product designs or cut costs elsewhere in their businesses.

VIETNAM

The country wants India to move forward in textiles

Vietnam wants cooperation from India in their advancement in the textile sector. India has strength in textile technology and Vietnam is dependent on feedstock for its textile industry from many countries, they could mutually benefit by co-operation, says the Vietnam Chamber of Commerce and Industry (VCCI). On this, Vo Tan Thanh, Director of VCCI's HCM City chapter said that the garment and textile sector happened to be the country's second largest export earner last year after increasing by 17% to US$ 27.5 billion. Yet, the sector relied heavily on imported raw materials.

The sector urgently needs to invest in technologies to produce its own raw materials so that it can benefit from the FTAs, especially the TPP. India, the second largest garment and textile producer in the world, has advanced technologies and equipment at competitive prices, offering Vietnamese firms a good choice.

ZIMBABWE

Import duty triggers textiles row

A furor is reportedly brewing between clothing and textile firms over new regulations on fabric import duty.

Under Statutory Instrument 163 of 2017, Government introduced a punitive duty on imported fabrics to promote the local industry. However, SI 163 ominously included an upward review of duty on polyester fabrics, which are not produced locally or anywhere in the region.

Industry sources say the move has created a thriving smuggling syndicate since duty, at 40 percent plus $2.50 per kg, which is now effectively between 80 and 90 percent of value against the previous one which was 10 percent. The region charges an average of 15 percent. But some players have been irked by reports that the Zimbabwe Revenue Authority (Zimra) is relying on an industry player, the Zimbabwe Textiles and Manufacturers Association (Zitma), for technical know-how on differentiating fabric imports.

The consultation is specifically to differentiate fabrics that can benefit from rebate or pay 10 percent duty, from those that should be levied at 40 percent plus $2.50 per kg.

Fabric retailers and wholesalers, clothing manufacturers and small to medium enterprises who are all stakeholders in the sector but not necessarily Zitma members, feel left out. They also allege targeted disenfranchisement as a result of Zimra's consultation with the textile manufacturers.

Investigations show that cartels have been formed between big textile industry players, which are allegedly working with an official in the Ministry of Finance, to block any review of the tariff despite representations from the Ministry of Industry. The stakeholders say there is no need to protect what the local industry is not producing.◆